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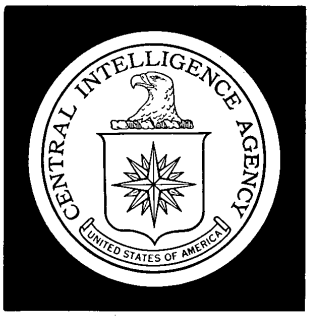

The President's Daily Brief

17 October 1970

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~~*Top Secret*~~ 50X1

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THE PRESIDENT'S DAILY BRIEF

17 October 1970

PRINCIPAL DEVELOPMENTS

Panama's fiscal problems are likely to be a major topic of discussion during President Lakas' visit to Washington. *(Page 1)*

Soviets *(Page 2)* 50X1

The Soviet Union has joined the International Civil Aviation Organization but Moscow is not expected to endorse the US proposal for a multilateral boycott of air services against countries harboring hijackers engaged in international blackmail. *(Page 3)*

Egypt *(Page 4)* 50X1

The British Singapore *(Page 4)* 50X1

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PANAMA

Panamanian officials have informed Ambassador Sayre that the government expects to run a deficit of $56 million next year. They have indicated an urgent need for $40 million by the first part of 1971. The government says it is no longer sanguine about raising additional money from private international sources and is even beginning to worry about refinancing existing short-term private debts. Officials also are skeptical about the ability of international lending organizations to respond to their needs quickly enough to be of assistance.

The Panamanians appear to be counting on the US to prevent the impending fiscal crisis. President Lakas is likely to raise this issue when he meets with President Nixon on 25 October. Lakas also is expected to outline his country's hopes for revisions in the canal treaties.

The high level of government spending is largely the result of a Panamanian commitment to sustain an economic growth rate of between 7 and 8 percent despite the sluggish increase in domestic private investment. A substantial decline in the growth rate could create conditions serious enough to imperil the present government. If initial approaches to the US are unproductive, strongman General Torrijos may well threaten to seek assistance from socialist states, despite the likelihood that such an approach would frighten domestic and foreign investors and aggravate his political difficulties.

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USSR

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FOR THE PRESIDENT ONLY

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INTERNATIONAL AVIATION

The USSR joined the International Civil Aviation Organization (ICAO) Thursday, ending its long holdout as the only major air transport nation without membership. On the same day the ICAO legal committee completed work on a draft convention that would require adhering states to extradite or prosecute hijackers. The draft will now be considered by a diplomatic conference at The Hague in early December.

The US-proposed air transport sanctions convention, which would apply a multilateral boycott of air services against any nation harboring hijackers engaged in international blackmail, is still under consideration by the ICAO. Chances of approval at the current session do not appear favorable.

Membership in ICAO will allow the Soviets to participate in multilateral decisions relating to the wave of hijackings. Soviet reluctance to antagonize Arab views may, however, serve as a partial brake on their cooperation.

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NOTES

Egypt-USSR

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UK-Singapore

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